weekly economic review

January 17, 2014

Resale Housing Market

Prices and sales up in 2013

Alberta resale home prices rose 4.7% year-over-year (y/y) in December, led by gains in Edmonton (+5.3%). However, Calgary led the two major cities for most of the year, with average prices up 6.3% in 2013 versus 3.3% in Edmonton. The average increase for Alberta was 5.0% in 2013.

At the national level, resale price growth was notable in December, at 10% y/y. The national jump was due primarily to BC, where resale prices rose 14%. The Canadian average price increase for the year was more modest at 5.4% over 2012, reflecting weaker price gains in the first half of 2013.

The sales to new listing ratio in Alberta dropped for the third consecutive month to 0.65, as sales declined more than new listings. However, with a ratio over 0.60, the market remains in seller's territory (see chart). In 2013, Alberta saw a 9.5% increase in sales compared with a modest 0.8% national gain.

Non-Residential Building Construction Investment

Non-residential investment jumps

The fourth quarter of 2013 brought strong investment in Alberta non-residential building construction, up 4.7% over the third quarter and 8.4% over the same month last year. The year-over-year gain was due to impressive numbers from the industrial (10.8%) and institutional (33.0%) sectors. Growth was concentrated outside the major centers, as Edmonton was down 7.4% over the same time last year and Calgary inched up 3.4%. In 2013, Alberta non-residential construction spending rose 3.4%, led by a 21.8% increase in institutional and government investment.

Meters Drilled

Natural gas drives November gain

The total number of meters drilled in Alberta increased 4.4% y/y in November due to a strong gain in natural gas meters (117.9%). Bitumen and crude oil both experienced sharp drops in meters drilled, reflecting a fewer number of wells drilled. On a year-to-date basis, meters drilled are down 1.0% over 2012.

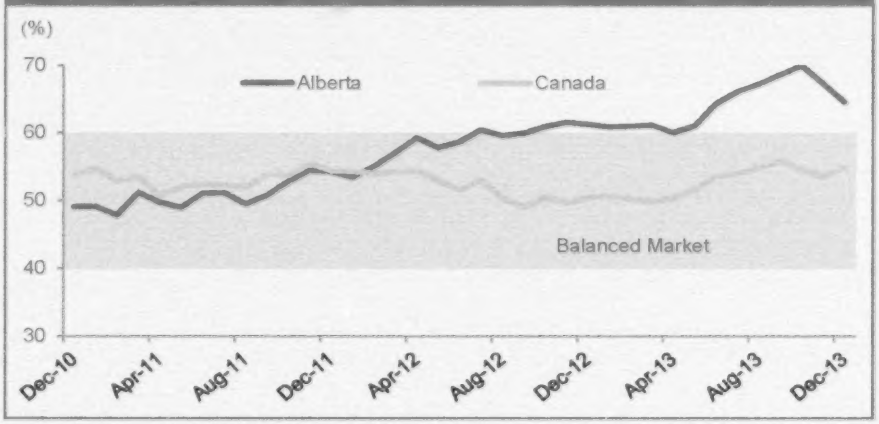
Meters drilled per well continued to trend upward, growing 2.4% year-to-date. This increase was led by natural gas meters per well, which has grown by 11.5% over the same period.

International Securities Transactions

Portfolio investment in Canada increases

Foreign investors acquired $8.7 billion in Canadian securities in November. Much of this was in corporate securities, as foreigners added $7.9 billion in corporate bonds and $5.2 billion in equities. Foreigners reduced their holdings of Canadian money market instruments by $7.1 billion following $6.1 billion reduction in October. Both divestments were larger than any other month since 1994. On the other side, Canadians added $6.6 billion in foreign securities, acquiring $7 billion in debt securities while divesting $0.4 billion in equities

Resale Housing Sales-to-New Listings Ratio



Source: Canadian Real Estate Association

Closing Price	Jan 9, 2014	Jan 16, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	92.16	91.52	96.21
WTI Oil ($US/bbl)	91.66	93.96	98.88
NYMEX Natural Gas($US/MMBtu)	4.01	4.38	3.83

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Alberta Economic Indicators

Population	2011	2012	2013YTD	July	Aug	Sept	Oct	Nov	Dec
Population (000's)	3,790	3,889	4,025	4,025	..	..	4,061	..	..
y/y % change	1.5	2.6	3.5	3.5	..	..	3.5	..	..
Net Interprovincial Migration[1]	8,443	27,652	52,677	13,791	..	..	10,269	..	..
Net International Migration[1]	19,411	40,842	52,551	20,487	..	..	16,436	..	..
Net Non-permanent Residents[1]	-7,251	10,085	19,560	10,472	..	..	8,213	..	..
Labour Market									
Employment (000's), SA	2,094	2,149	2,211	2,217	2,232	2,236	2,237	2,248	2,236
y/y % change	3.8	2.6	2.9	3.0	3.6	3.7	3.5	3.6	3.3
Unemployment Rate (%), SA	5.5	4.6	4.6	4.5	4.8	4.3	4.4	4.7	4.8
Participation Rate (%), SA	73.7	73.4	73.0	73.0	73.6	73.1	73.0	73.4	72.9
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,105.90	1,103.08	1,110.83	1114.95	1125.60	..	..
y/y % change	4.4	3.6	3.2	2.1	0.8	2.6	3.2	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.4	2.2	1.4	1.3	1.0	1.7	..
Excluding food and energy	0.8	1.4	1.4	1.9	1.6	1.5	1.6	1.5	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.2	..	..	1.2	..	..	..
Farm Product Price Index (y/y % change)	18.1	6.3	4.4	4.6	2.5	2.5	..	..	..
Crops	19.0	6.7	4.7	2.5	-4.2	6.0	..	..	..
Livestock	17.2	5.9	3.9	6.9	7.0	10.0	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.5	33.3	36.1	35.7	29.3	31.2	38.1	43.7	36.2
y/y % change	-5.0	30.7	8.2	6.9	1.0	-8.2	14.2	9.6	18.6
New Housing Price Index[3] (y/y % change)	0.4	1.6	2.8	3.0	3.3	3.1	3.0	3.1	..
Edmonton	0.9	0.9	0.5	0.6	0.8	0.2	0.3	0.0	..
Calgary	-0.1	1.7	5.3	5.8	6.1	6.3	6.1	6.5	..
NEW! MLS Average Resale Prices ($ 000's)	352.7	362.0	380.2	378.2	388.0	383.2	380.8	387.8	388.5
y/y % change	0.5	2.6	5.0	4.4	7.0	7.5	3.9	5.2	4.7
Edmonton ($ 000's)	324.2	332.7	343.8	340.2	347.1	347.7	339.3	347.4	356.5
y/y % change	-0.7	2.6	3.3	2.5	4.2	8.2	1.4	2.5	5.3
Calgary ($ 000's)	401.9	410.8	436.6	438.2	441.2	438.9	439.7	449.0	449.1
y/y % change	1.1	2.2	6.3	6.9	8.1	8.5	4.2	7.6	4.5
Retail Sales, SA (y/y % change)	6.8	6.9	6.5	6.4	5.8	6.4	6.6	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.2	6.5	7.0	2.1	6.5	..	..
Consumer Bankruptcies	7029	5750	4082	385	379	375	383	..	..
y/y % change	-13.8	-18.1	-18.4	-21.3	-16.5	-10.9	-11.3	..	..
Business Sector									
Rigs Drilling	286	250	235	187	239	251	239	233	259
y/y % change	30.4	-12.6	-5.9	-5.9	7.0	9.6	1.0	-9.8	-9.9
Goods Exports, customs based (y/y % change)	18.4	2.9	6.8	9.1	7.6	16.6	19.0	..	..
Energy	19.2	3.6	9.2	11.1	12.6	25.7	26.1	..	..
Farm, Fishing and Intermediate Food	27.2	20.6	-7.7	1.8	-24.2	27.5	-14.8	..	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	2.1	..	..	-3.4	..	..	..
Manufacturing Shipments, SA (y/y % change)	17.3	-3.4	1.3	3.7	8.4	1.9	6.8	..	..
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.5	2.5	1.9	1.8	4.9	..	..
Building Permits, SA (y/y % change)	11.8	14.8	19.2	50.4	1.1	29.9	22.3	3.3	..
Residential	5.2	18.2	18.6	29.1	5.9	39.5	37.6	18.4	..
Non-residential	20.9	10.7	20.0	79.7	12.3	14.7	2.4	13.1	..
Business Bankruptcies	264	230	116	9	7	13	15	..	..
y/y % change	-30.2	-12.9	-42.2	-43.8	-30.0	-38.1	-16.7	..	..

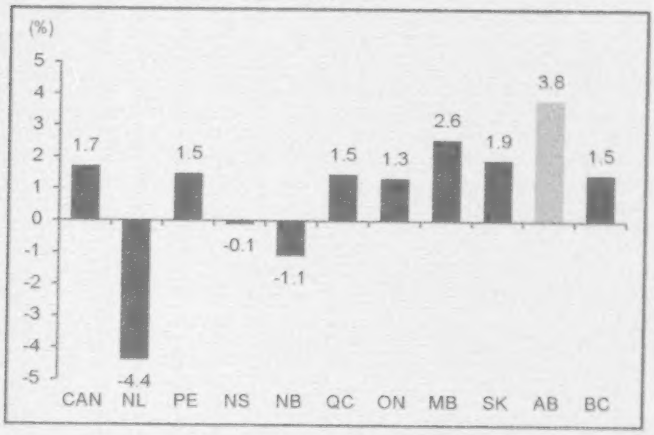
1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

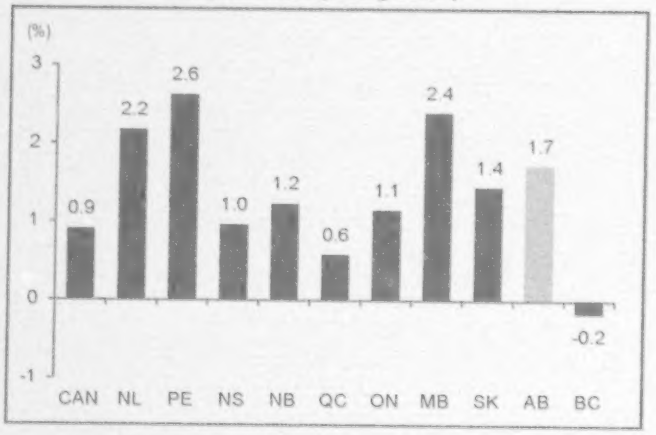
All historical data are subject to revision.

Economic Indicators by Province

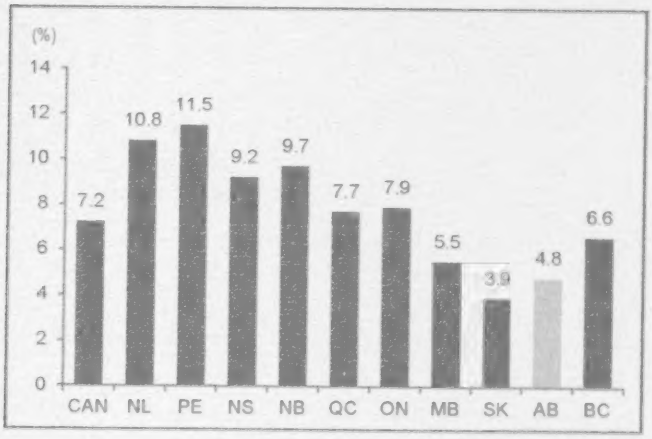
Real GDP at Market Prices
(2012, year-over-year growth)



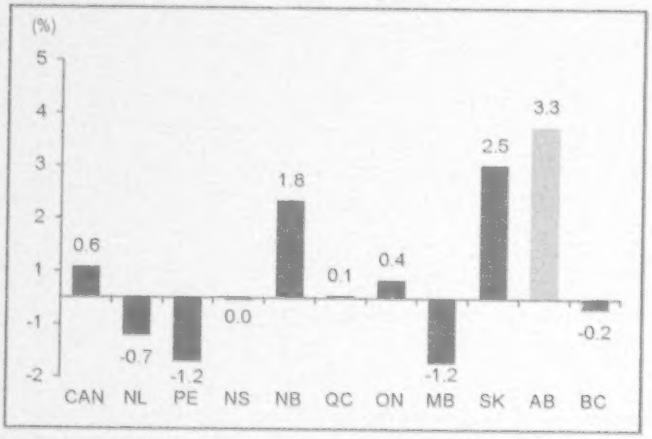
CPI Inflation
(November 2013, year-over-year growth)



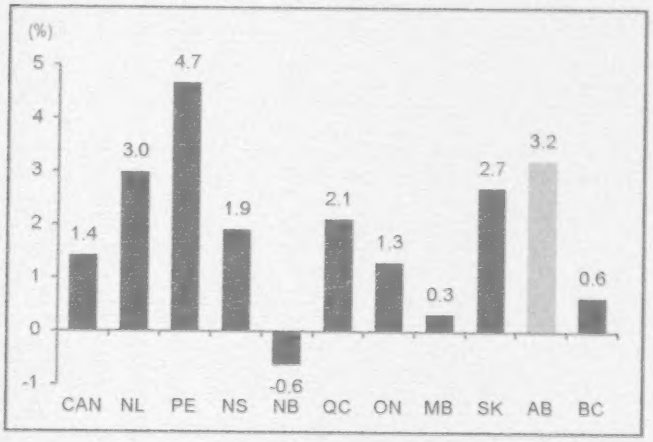
Unemployment Rate
(December 2013)



Employment
(December 2013, year-over-year growth)



Average Weekly Earnings
(October 2013, year-over-year growth)



Housing Starts
(December 2013, SAAR, year-over-year growth)